

Message Text

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ACTION EUR-12

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R 171255Z MAY 78
FM AMCONSUL MONTREAL
TO SECSTATE WASHDC 507
AMEMBASSY OTTAWA
AMCONSUL QUEBEC

UNCLAS MONTREAL 995

E.O. 11652: NA
TAGS: EFIN, PINT, CA
SUBJECT: SALES TAX ISSUE

1. IN EDITORIALS MAY 16, LE DEVOIR AND LA PRESSE BOTH STRONGLY
CRITICIZED FEDERAL GOVERNMENT FOR ITS DECISION TO REBATE SALES
TAX DIRECTLY TO QUEBEC TAXPAYERS WHO HAD PAID FEDERAL INCOME
TAXES. BOTH LA PRESSE AND LE DEVOIR EDITORIALS POINT OUT THAT
QUEBEC IS NOT ENTIRELY FAULTLESS IN AFFAIR, HAVING DRAGGED ITS
FEET IN RESPONDING TO INITIAL OFFER OF FEDERAL GOVERNMENT.
BOTH CONCLUDE, HOWEVER, THAT FEDERAL GOVERNMENT BEARS BURDEN
OF GUILT BE INTRUDING INTO AREA WHICH HAS BEEN TRADITIONAL
DOMAIN OF PROVINCIAL GOVERNMENTS.

2. SHARPEST EDITORIAL WAS THAT OF EDITOR OF LE DEVOIR
MICHEL ROY WHO SAYS THAT FEDERAL FINANCE MINISTER CHRETIEN
HAS CHOSEN STRATEGY OF CONFRONTATION IN ORDER TO AVOID LOSING
FACE IN AN AFFAIR WHERE HE HAD ALREADY LOST GAME. ROY WONDERES
WHETHER CHRETIEN THINKS HE CAN WIN POINTS BY GAINING GRATITUDE
OF QUEBECKERS WHO WILL RECEIVE FEDERAL CHECKS AND WHO WILL LATER
CURSE QUEBEC FINANCE MINISTER PARIZEAU WHEN HE COMES, AS HE MUST,
TO RECOVER QUEBEC'S LOST REVENUES. IF SUCH IS REALLY THINKING
OF FEDERAL GOVERNMENT, ROY SAID THAT IT'S NECESSARY TO CONCLUDE
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THAT OTTAWA CONSIDERS QUEBECKERS TO BE IMBECILES. ROY SEES
FEDERAL ACTION AS RESULTING FROM STUBBORNNESS AND VANITY, COMBINED
WITH DESIRE TO KNOCK QUEBEC GOVERNMENT. BY ACTING TO SAVE PRESTIGE,
ROY SAYS THAT CHRETIEN AND HIS COMPANIONS HAVE DELIVERED A SE-
VERE BLOW TO FEDERALISM WITH POLICY THAT REPRESENTS A SERIOUS
PRECEDENCE IN FEDERAL-PROVINCIAL RELATIONS AND WHICH HAS SERVED THE
INTERESTS OF GOVERNMENT THAT THEY SEEK TO COMBAT.

3. AMONG QUEBEC POLITICIANS, LIBERAL LEADER CLAUDE RYAN WAS
CRITICAL OF FEDERAL ACTION AS INTRUSION INTO PROVINCIAL AFFAIRS.
RODRIQUE BIRON, LEADER OF UNION NATIONALE, TOOK SIMILAR LINE.
BY CONTRAST, RAYMOND GARNEAU, WHO RAN AGAINST RYAN FOR LEADERSHIP
OF QUEBEC LIBERAL PARTY, SUPPORTED ACTION TAKEN BY OTTAWA. ALSO
SUPPORTING FEDERAL POSITION WAS MONTREAL POLLSTER MAURICE PINARD
WHO TOLD CONSUL GENERAL HE WAS SURPRISED AT REACTION TO SALES TAX
ISSUE AND "EXCESSIVE" TONE OF LE DEVOIR EDITORIAL. PINARD
TENDEDD TO LAY BLAME AT FEET OF PQ FOR MANNER IN WHICH ISSUE WAS
HANDLED DURING INITIAL APPROACHES BY FEDERAL GOVERNMENT.
HARPER

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